



State of Arizona
Department of Education

Tom Horne
Superintendent of
Public Instruction

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MEMORANDUM

TO: Child and Adult Care Food Program Family Daycare Home Sponsors

FROM: Mary Szafranski, Deputy Associate Superintendent
Arizona Department of Education, Health and Nutrition Services

Melissa Conner, Director
Child and Adult Care Food Program

DATE: March 9, 2009

SUBJECT: Record Maintenance Requirements for Family Daycare Home Providers in the Child and Adult Care Food Program

Original Signed

The purpose of this memo is to reaffirm the intent of the Child and Adult Care Food Program (CACFP) regulations at §§ 226.10(d) and 226.18(d), (e) and (g) that require family day care home (FDCH) providers to maintain on site program records. Misinterpretation of these requirements and the extent of the associated recordkeeping problems found during various Program evaluation efforts, USDA Inspector General audits as well as reviews conducted during the Child Care Assessment Project (CCAP), indicate a need to clarify these established record maintenance requirements. Correct implementation of these provisions is intended to facilitate reviews, to enhance Program integrity, and to assure providers that they are being properly reimbursed by their sponsors.

Through recent USDA audits and reviews, it has come to USDA's attention that many sponsors collect and maintain most or all provider records. Section 226.10(d) requires that records shall be retained for three years after the date of submission of the final claim for the fiscal year to which they pertain. Furthermore, if audit findings have not been resolved, the records shall be retained beyond the end of the three year period as long as may be required for the resolution of the issues raised by the audit. However, Arizona Administrative Code requires records be

maintained for five years. It is understood that sponsors must require providers to submit records of menus, meal counts and enrollment. Additionally, it is important that copies of these records also be maintained at the provider's facility in accordance with 226.18(e), which states that each day care home must maintain, on file, documentation of each child's enrollment and must maintain daily records of the number of children in attendance and the number of meals, by type, served to enrolled children.

While sponsors may keep duplicate records, maintaining records on site at the FDCH ensures that records are available for review when a monitor or auditor arrives at the home. Records that are kept at the provider's home also afford the Arizona Department of Education an audit trail and the ability to confirm the accuracy of the records at both locations. In addition, maintaining records at the FDCH instills an internal control whereby the provider is assured that reimbursements are accurate and that no errors have occurred in the payment process.

It is further realized that some might argue that the proper implementation of this existing regulation is an unnecessary administrative burden for providers. In an effort to satisfy that concern, providers must only maintain and have on hand for immediate review all records that support their program activities for the current month, as well as the previous twelve months of operation. Records should include documentation of attendance, enrollment, meal counts and menus. Providers may store the remaining four years of records offsite; however, they must still be in the control of the provider and accessible within a reasonable amount of time. If no offsite storage is used, providers must retain five years of records, onsite, at the FDCH. Records can be kept in hard copy or electronic format, provided that the records are readily available to reviewers. Sponsors and providers must be aware that failure to maintain such records shall be grounds for the denial of reimbursement.

The Department of Education asks the Sponsors to immediately begin taking measures to ensure that this established Program requirement is met in conformance with the original intent of the regulation. Sponsors are not required to supply copies of provider documents prior to the date of this memo. Sponsors will need to educate providers as to proper record retention, the length of time records must be maintained, and records can either be paper or electronic. Sponsors may wish to compile a list of places that have an accessible copy machine, such as libraries or business supply stores.

Correct implementation of this existing requirement should be completed no later than October 1, 2010. USDA anticipates that a provider can collect about 1 ½ years of records by this date. Providers will be given the opportunity to correctly implement this requirement without any fiscal or serious deficiency penalties against providers for non-compliance unless it is in violation of a previously established State or sponsor requirement or a provider's agreement with the sponsor. However, corrective action is appropriate for violations that occur after the final October 1, 2010, implementation date.

Please contact your specialist if you have additional questions.